The Church in Wales 
Clergy Pension Scheme 

Guide to Your Pension 

The Representative Body of the 
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INTRODUCTION

This guide is intended to give you a broad outline of your pension when you retire, die, or leave the ministry of the Church in Wales. The information contained in this booklet does not confer rights or represent an offer of a pension or other benefits.

The answers contained in this guide are those given to questions most frequently asked about the Clergy Pension Scheme.

It is not practical to include every rule and regulation relating to the Church in Wales Clergy Pension Scheme in this guide. If more detail is required you should refer to Part II of the Maintenance of Ministry Scheme in Volume II of the Constitution of the Church in Wales, where you should find the information you require. If after reading this guide and referring to the Constitution you are still not sure of the benefits due to you, then please contact the Stipends Section of the Representative Body where somebody will be happy to help you.
1. **MEMBERSHIP AND PENSIONABLE SERVICE**

**Is my service pensionable?**

If you are in full-time stipendiary ministry within the Province of Wales then your work will usually count as pensionable for Church in Wales pension purposes. Other service, as prescribed in the Constitution, will also count as pensionable so long as such service does not qualify for pension rights within another scheme.

Part-time stipendiary service may also count as pensionable. The pensionable status of such service can be confirmed by staff in the Stipends Section.

Other service may qualify as pensionable by specific agreement with the relevant committee of the Representative Body of the Church in Wales, and where necessary with the written agreement of the Diocesan Bishop.

Those whose service is pensionable under the regulations of the Scheme are termed as “Scheme Members” throughout this guide.

**What are the minimum and maximum periods of pensionable service?**

The current minimum period of service required to qualify for a pension is two years (not necessarily continuous), and the maximum is 40 years.

**Do I have to become a member of the Church in Wales Pension Scheme?**

Stipendiary clergy will be enrolled in the Scheme at the same date that their stipend commences. This ensures that stipendiary clergy are enrolled in a pension scheme in accordance with auto-enrolment pension legislation. When you are enrolled you will be sent a letter and be given an opt-out period of one month. You may opt out at any time. Every three years stipendiary clergy who have opted-out will be automatically re-enrolled in the scheme unless they have opted-out in the previous twelve months.

The Church in Wales Clergy Pension Scheme is non-contributory and there is no cost to Scheme Members. Scheme Members who opt out will be giving up all rights to benefits provided by the Church in Wales Clergy Pension Scheme, including death in service benefit.

If you are considering opting out of the Church in Wales Clergy Pension Scheme, you should seek independent financial advice. The opt-out form can be obtained from the Stipends Section at the 39 Cathedral Road office.

**Can I transfer pension rights from another pension scheme to the Church in Wales Clergy Pension Scheme?**

No. The Scheme does not accept transfers in from other pension schemes.
2. SCHEME FUNDING

Do I have to make any contributions in order to obtain a Church in Wales pension?

No. The Scheme is non-contributory, and therefore no contributions are currently required from you towards any of the benefits provided by the Scheme.

How is the Scheme funded?

The Scheme is funded by the Representative Body and Dioceses on the basis of independent actuarial advice.

3. RETIREMENT BENEFITS

At what age will I normally receive my Church in Wales Pension?

You may retire from the stipendiary service of the Church in Wales and receive a pension at any time between the ages of 65 and 70. The Bishop must be given at least three months’ prior notice in writing of your intention to retire. If you will complete 40 years of service before the age of 65 see section 5.

What benefits will I receive?

Upon retirement you will receive a pension lump sum and an annual pension. These benefits will be calculated with reference to the amount of pensionable service completed and your pensionable stipend.

How will I be advised how much my pension benefits will be?

You will receive an estimated pension benefits statement each year from the Clergy Pension Scheme.

Prior to the year of your retirement the Representative Body will, on request, provide free of charge one pension calculation including the option provided under the arrangements for flexible benefits on retirement (i.e. a larger lump sum and reduced pension)

In the year in which you retire the Representative Body will provide free of charge a pension calculation as in the paragraph above.

One transfer value calculation will also be provided free on request.

A charge will be applied for all other requests for pension benefit statements including divorce information requests. The cost will be confirmed at the time of the request.
PENSION

Your final pensionable stipend is the stipend of the highest pensionable office held in the 5 years preceding retirement.

The pensionable offices are:

- Archbishop
- Diocesan Bishop
- Assistant Bishop
- Dean
- Archdeacon
- Incumbent

If you are not appointed to an office listed above, your pension benefits will be based on the pensionable office of an Incumbent.

Service before 1 January 2006

For pensionable service before 1 January 2006 you will accrue pension benefits at a rate of 60% of your final pensionable stipend for 40 years of service.

Service after 31 December 2005

For pensionable service continuous with service on or before 31 December 2005 you will accrue pension benefits at a rate of 60% of your final pensionable stipend for 40 years of service.

For pensionable service commencing after 31 December 2005 you will accrue pension benefits at a rate of 50% of your final pensionable stipend for 40 years of service.

If you return to pensionable service after 31 December 2005 you will accrue pension benefits for service after 31 December 2005 at a rate of 50% of your final pensionable stipend for 40 years of service.

PENSION LUMP SUM

If you retire with a maximum of 40 years service you will receive a tax-free pension lump sum of approximately 1½ times the stipend of the highest pensionable office held in the 5 years preceding retirement.

How will you calculate my pension and pension lump sum if I have less than 40 years of pensionable service?

For pensionable service less than the maximum 40 years, the pension lump sum will be reduced in proportion to the length of service.
OTHER ISSUES

How will part time service affect my pension and pension lump sum?

Pensions and pension lump sums for part-time stipendiary service are accrued in proportion to the percentage of the minimum stipend of the appropriate pensionable office paid during such service.

Do I receive my pension and pension lump sum automatically upon retirement?

No. You must complete a Clergy Pension Application form and pension option forms issued by the pension scheme administrator (see section 8) before your pension and pension lump sum can be paid. The Clergy Pension Application form can be obtained from the Representative Body, but in most cases they will be sent to you when the Representative Body receives notification from your Bishop of your intention to retire. The Representative Body will instruct the pension scheme administrator to send your pension quotations and option forms on receipt of your Clergy Pension Application form.

Anyone claiming preserved pension benefits should refer to section 7 of this guide.

Can I increase the amount of my pension lump sum?

You may request an increased pension lump sum which will result in a reduction of annual pension. The amount of the increased pension lump sum and reduced pension shall be determined by the Representative Body from time to time. The pension is reduced for the whole period it is payable as is the prospective pension to a surviving spouse /civil partner.
4. PENSION INCREASES

How and when will my pension be increased?

Pensions for both clergy and surviving spouses/civil partners are reviewed annually with effect from 1 January.

For all pensionable service before 1 January 2006, pensions are increased annually by the same percentage as an incumbent’s stipend.

For all pensionable service after 31 December 2005, pensions are increased annually by the same percentage as the increase in the Retail Price Index over the previous year, limited to a maximum of 5%.

5. Drawing Pension Benefits before the Age of 65 years

Can I receive pension benefits from the Church in Wales before reaching 65?

i. If you have completed 40 years of pensionable service, you can resign from the Church in Wales before you reach the 65 years of age and apply for your pension benefits. If you have completed 40 years of pensionable service, the early release of pension and pension lump sum will not be subject to actuarial reduction.

ii. You may resign from the stipendiary ministry once you have attained 55 years of age and apply for the early release of your pension benefits. The early release of pension and pension lump sum will be subject to actuarial reduction to take account of the early commencement of pension payments and the potentially longer period of payment. The pension is reduced for the whole period it is payable as is the prospective pension to a surviving spouse/civil partner. Information on the levels of actuarial reduction can be obtained from the Stipends Section at 39 Cathedral Road.

iii. Early retirement on the grounds of permanent incapacity may be permitted. Your pension and pension lump sum would be paid upon early retirement, based upon the years and months of service completed to the date of early retirement.

Where can I find the procedure for retirement on the grounds of permanent incapacity?

Details of the procedure are contained in the Clergy Advice Note: Clergy Ill-health and Incapacity in the section on Occupational Health Services, and available on the Church in Wales website (www.churchinwales.org.uk/resources/) or from the Human Resources department at 39 Cathedral Road.
6. DEATH BENEFITS

**What benefits are payable if I die before the age of 70, whilst still in pensionable service?**

From the date of your death your spouse/civil partner will be entitled to a pension of 60% of the pension earned by you to the date of your death.

In addition, a death in service payment from the Clergy Death in Service Scheme is payable upon the death of a stipendiary cleric who was under the age of 70 and still in pensionable service. The payment is made at the discretion of the Representative Body, usually to your spouse/civil partner or to financial dependants, other persons, or organisations. To notify the Representative Body of your wishes you should complete an Expression of Wish Form. A blank form is at the end of this booklet. The payment is three times the annual stipend of the Scheme Member at the date of death.

**What benefits are payable if I die after retiring?**

Your spouse/civil partner will be entitled to a pension of 60% of the pension that you were receiving at the date of your death, providing you were married or in a civil partnership with that person at the date of your retirement.
7. LEAVING SERVICE

What happens if I leave the pensionable service of the Church in Wales?

If you have two or more years of pensionable service, upon leaving the stipendiary service of the Church in Wales you will be sent a Certificate of Preserved Pension Benefits advising you of the benefits earned by you to the date of leaving.

Your benefits will be retained within the Church in Wales Pension Scheme. No additional pensionable service will accrue, but your benefits will be increased annually by the same percentage as the increase in the Retail Price Index over the previous twelve months, limited to a maximum of 5%.

You may choose to have your benefits earned to date transferred to the pension scheme operated by your new employer, or to a personal pension plan. If you choose to transfer your benefits you should ask your new scheme administrator to contact us to obtain a transfer value. The transfer value represents the benefits to which you would otherwise have been entitled, and is calculated by independent actuaries. Once a transfer has been made you will no longer have any pension rights within the Church in Wales Pension Scheme.

You are required to apply for your preserved pension upon reaching the age of 65. If you are retiring from work with your current employer on grounds of permanent incapacity you will need to agree the early payment of pension benefits with the Representative Body.

What happens if I have less than two years of pensionable service when I leave?

If you have between 3 and 24 months of pensionable service and leave the pensionable service of the Church in Wales you will be given the option of a cash transfer sum in respect of accrued pension benefits. Upon leaving you will be given a transfer value, and you will have three months to confirm whether you wish to transfer your Church in Wales rights to another pension arrangement.

What if I were to return to the service of the Church in Wales?

If you were to return to the service of the Church in Wales then any service accrued previously would be added to any future service, provided you have not transferred your earlier pension rights to another scheme.
8. PAYMENT OF PENSION AND TAXATION

What is the taxation position of my pension benefits?

- The pension scheme is a Registered Pension Scheme. The Pension Scheme Tax Reference is 00282232RV.
- All pensions are subject to income tax.
- Pensions are paid monthly in arrears with deduction of income tax at source through PAYE (pay as you earn).
- The retirement pension lump sum is not currently subject to income tax.
- The death in service payment made from the Clergy Death in Service Scheme is not normally subject to income tax.
- If you have any questions regarding the PAYE tax code issued to you, then you should contact Pay As You Earn, HM Revenue and Customs, BX9 1AS, telephone no: 0300 200 3300 quoting reference number 948/R650C.
- Before a pension or pension lump sum can be paid you must complete a clergy Pension Application Form, which will be approved by your Bishop and you will also have to complete pension option forms issued by the scheme administrator.
THE NEW STATE PENSION

The new State Pension is being introduced for people who reach State Pension age on or after 6 April 2016. You will be able to claim the new State Pension if you reach State Pension age on or after 6 April 2016. This applies to:

- men born on or after 6 April 1951;
- women born on or after 6 April 1953.

If you were born before those dates you will have been able to claim your State Pension under the previous system instead. You can check when you will reach State Pension age at www.gov.uk/state-pension-age.

How much will my new State Pension be?

The amount of new State Pension you get will mainly depend on your own National Insurance record. You will usually need at least 10 qualifying years on your National Insurance record to get any new State Pension.

As the new State Pension is normally based on your own National Insurance record you could get more or less than the full rate in certain situations. In April 2016 the Government will calculate the minimum amount of new State Pension you could get when you reach State Pension age. To do this, the Government do two calculations to work out your Starting Amount, which will be the higher of either:

- the amount you would get under the previous State Pension rules (which includes basic State Pension and additional State Pension); or
- the amount you would have got under new State Pension rules.

Starting Amounts will include some adjustment for time contracted-out of the additional State Pension. Unless you are already at the full new State Pension amount of £155.65 per week (2016/17 rate) or have reached State Pension age, you will add to your new State Pension by 1/35th of the full amount (about £4.45 for 2016/17) for each qualifying year on your National Insurance record from 6 April 2016.

Contracting-out

Most people reaching State Pension age after the introduction of the new State Pension will have been ‘contracted-out’ of the additional State Pension at some time – something they may be unaware of. The previous State Pension had two parts: basic State Pension and additional State Pension (sometimes called State Second Pension, S2P or SERPS). Anyone who has been contracted-out either paid National Insurance at a lower rate or some of their National Insurance contributions were used to contribute to a private pension instead of the additional State Pension. This will be taken into account when the Government work out your Starting Amount in the new system.

This means that although many people with more than 35 qualifying years will get a Starting Amount lower than the full rate of the new State Pension, many will have more than the new full rate if they add their State and contracted-out pension together. You
could only be contracted-out of the additional State Pension if you were building a private pension instead.

For more information on these changes and what they mean for you, visit www.gov.uk/yourstatepension.

An animation explaining contracting-out and the impact on the new State Pension is available on Pension Tube. You can see this video and others like it at www.youtube.com/PensionTube.
10. **ADDITIONAL INFORMATION**

**Who can I contact?**

Your first contact regarding any queries that you may have about your Church in Wales Pension should be the Stipends Section of the Church in Wales at 39 Cathedral Road, Cardiff, CF11 9XF.
Telephone: 029 2034 8200
E-mail: stipends@churchinwales.org.uk
Website: www.churchinwales.org.uk/resources/clergy/

If you have a question or concern you should raise this with the Stipends Section. If a problem cannot be satisfactorily resolved in discussion with staff, then the formal dispute procedure can be used.

**What is the dispute procedure?**

If you are dissatisfied with any part of the pension arrangements, you should make your complaint in writing to the Finance Officer, Stipends Section at The Representative Body of the Church in Wales, 39 Cathedral Road, Cardiff, CF11 9XF. If you are not satisfied with the reply from the Finance Officer, a further appeal can be made and this will be considered by the Provincial Secretary. It is the intention that an initial decision will be given within two months of receiving the complaint in writing. Where this is not possible an interim reply will be sent stating the reason for the delay and the expected date of decision. If you are not satisfied with the decision then you may appeal to the appropriate committee of the Representative Body requesting a review of the decision. Further details of the procedures would be provided at the time of the original reply.

**What is the Pensions Advisory Service?**

In the event of a dispute that cannot be resolved by the Representative Body you may contact the Pensions Advisory Service [TPAS]. TPAS gives free help and advice to members of the public who have problems concerning occupational pensions. TPAS will try to resolve the problem through conciliation and mediation. Where no agreement can be reached, cases may be referred to the Pensions Ombudsman.

You can contact TPAS at 11 Belgrave Road, London SW1V 1RB. Telephone 0845 6012923.
Website: www.pensionsadvisoryservice.org.uk/

**What is the Pensions Ombudsman?**

The Pensions Ombudsman investigates disputes and complaints about the way pension schemes are run. The Pensions Ombudsman's role and powers have been decided by Parliament, and he is appointed by the Secretary of State for Work and Pensions. He is completely independent and acts as an impartial adjudicator. The Pensions Ombudsman’s decision is final and binding on all the parties to the complaint or dispute. It can be enforced in the Courts. His decision can only be changed by appealing to the appropriate court on a point of law.
You can contact the The Pensions Ombudsman Service at 11 Belgrave Road, London SW1V 1RB. Telephone 0207 834 9144. Website: www.pensions-ombudsman.org.uk/

What is the Pensions Regulator?

The Pensions Regulator has statutory objectives to protect the benefits of members of work-based pension schemes, promote good administration of work-based pension schemes, and to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

You can contact The Pensions Regulator at Napier House, Trafalgar Place, Brighton, BN1 4DW. Telephone 0870 6063636. Website: www.thepensionsregulator.gov.uk/

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